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FORM 10-Q. - QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
(As last amended in Rel. No. 34-26589, eff. 4/12/89.)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the period ended March 31, 1992

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 0-12668

HILLS BANCORPORATION
(Exact name of registrant as specified in its charter)

IOWA	42-1208067
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
131 MAIN STREET, HILLS, IOWA	52235
(Address of principal executive offices)	(zip code)

(319) 679-2291
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [ ] No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

CLASS	SHARES OUTSTANDING at April 30, 1992
Common Stock, no par value	484,700

HILLS BANCORPORATION
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FINANCIAL INFORMATION

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HILLS BANCORPORATION
CONSOLIDATED BALANCE SHEETS
(In Thousands)

	March 31, 1992 Unaudited	December 31, 1991*
ASSETS		
Cash and due from banks	$ 5,957	$ 7,240
Investment securities [market value March 31, 1992 $105,926; December 31, 1991 $105,391]	104,296	102,857
Federal funds sold	14,850	20,150
Loans	225,541	218,091
Less allowance for loan losses	4,777	4,650
	$ 220,764	$ 213,441
Property and equipment, net	5,291	5,393
Accrued interest receivable	3,935	3,736
Deferred income taxes, net	760	760
Other assets	527	446
	$ 356,380	$ 354,023
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Noninterest-bearing deposits	$ 24,323	$ 26,266
Interest-bearing deposits	290,697	286,313
Total deposits	$ 315,020	$ 312,579
Securities sold under agreements to repurchase	4,798	5,463
Accrued interest payable	1,939	2,119
Guarantee of Employee Stock Ownership Plan debt	476	586
Other liabilities	1,294	704
	$ 323,527	$ 321,451
REDEEMABLE COMMON STOCK HELD BY EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)	$ 3,875	$ 3,855
STOCKHOLDERS' EQUITY		
Capital stock, common, no par value; authorized 2,000,000 shares; issued 484,700 shares	$ 8,668	$ 8,668
Retained earnings	24,661	24,490
	$ 33,329	$ 33,158
Less:		
Employee Stock Ownership Plan debt guarantee	476	586
Maximum cash obligation related to ESOP shares	3,875	3,855
	$ 28,978	$ 28,717
	$ 356,380	$ 354,023

* Condensed from audited financial statements.

HILLS BANCORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
Three Months Ended March 31, 1992 and 1991
(In Thousands)

	1992	1991
Interest Income:		
Interest and fees on loans	$ 5,588	$ 5,428
Interest on investment securities	1,807	1,783
Other interest income	167	457
Total interest income	$ 7,562	$ 7,668
Interest Expense:		
Interest on deposits	$ 4,493	$ 4,762
Interest on securities sold under agreements to repurchase	17	91
Interest on capitalized lease	2	2
Interest portion of Employee Stock Ownership Plan contribution	7	11
Total interest expense	$ 4,519	$ 4,866
Net interest income	$ 3,043	$ 2,802
Provision for loan losses	120	180
Net interest income after provision for loan losses	$ 2,923	$ 2,622
Other Income:		
Trust department fees	$ 87	$ 53
Deposit account charges and fees	327	266
Other fees and charges	452	239
	$ 866	$ 558
Other Expenses:		
Salaries and employee benefits	$ 1,103	$ 1,014
Occupancy expenses	131	120
Furniture and equipment	203	219
F.D.I.C. insurance	176	136
Office supplies and postage	127	129
Other operating expenses	471	386
	$ 2,211	$ 2,004
Income before income taxes	$ 1,578	$ 1,176
Federal and state income taxes	462	313
Net income	$ 1,116	$ 863
Per common share: Net income	$ 2.30	$ 1.78
Dividend, January	1.95	1.65
Weighted average shares of common outstanding stock	484,700	484,700

HILLS BANCORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended March 31, 1992 and 1991

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,116	$ 863
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	155	163
Provision for possible loan losses	120	180
Increase in accrued interest receivable	< 199>	< 976>
Amortization of bond discount	144	48
Increase in other assets	< 81>	< 209>
Increase in accrued interest and other liabilities	410	320
Net cash provided by operating activities	$ 1,665	$ 389
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities of investment securities	$ 7,064	$ 6,492
Purchase of investment securities	<8,647>	<14,933>
Federal funds sold, net	5,300	5,225
Loans made to customers, net of collections	<7,443>	< 3,628>
Purchases of property and equipment	< 53>	< 55>
Net cash (used in) investing activities	$ <3,779>	$< 6,899>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	$ 2,441	$ 3,566
Net increase <decrease> in securities sold under agreements to repurchase	< 665>	2,326
Dividends paid	< 945>	< 799>
Net cash provided by financing activities	$ 831	$ 5,093
Increase (decrease) in cash and due from banks	$ <1,283>	$< 1,417>
CASH AND DUE FROM BANKS		
Beginning	$ 7,240	8,744
Ending	$ 5,957	$ 7,327
SUPPLEMENTAL DISCLOSURES		
Cash payments for:		
Interest paid to depositors	$ 4,314	$ 4,742
Interest paid on other obligations	25	40
Income taxes	627	506
Non-cash financing transactions:		
Increase in stockholders' equity related to ESOP debt	110	93
Increase in maximum cash obligation related to ESOP shares	20	8

See Note to Financial Statements.

HILLS BANCORPORATION

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1. Interim Financial Statements

Interim consolidated financial statements have not been examined by independent public accountants, but include all adjustments (consisting only of normal recurring accruals) which in the opinion of management are necessary for a fair presentation of the results for these periods. The results of operation for the interim periods are not necessarily indicative of the results for a full year.

For purposes of reporting cash flows, cash and due from banks includes cash on hand and amount due from banks (including cash items in process of clearing). Cash flows from demand deposits, NOW accounts, savings accounts, and federal funds purchased and sold are reported net since their original maturities are less than three months. Cash flows from loans and time deposits are presented as net increases or decreases as permitted by FASB Statement No. 104.

HILLS BANCORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE FINANCIAL CONDITION AND RESULTS OF OPERATION

The consolidated balance sheets of Hills Bancorporation as of March 31, 1992 reflects total assets of $356,380,000. This is an increase of $2,357,000 over the December 31, 1991 balances. Net loans were $220,764,000 and $213,441,000 for the periods ending March 31, 1992 and December 31, 1991, respectively. This increase of $7.3 million represents primarily single family residential loans located in the Iowa City and Coralville area. The real estate market continues to be very good in our trade area, especially the Iowa City and Coralville market areas. The result of this strong demand has been both an increase in demand for in-house real estate loans and secondary real estate market applications and a desire to reprice loans as interest rates fell to 20 year lows in January 1992. In addition to people moving up to higher priced homes because of the drop in interest rates, the Iowa City market continues to see new homes built and this is a reflection of the overall strength of the local economy. Most of the homes were funded primarily by use of federal funds that had previously been held for this expected loan demand. It is expected that deposits will grow in the second and third quarters and that this will take care of any demands for future loan growth.

On the liability side of the bank, deposits when securities sold under agreements to repurchase are included, ended the period of March 31, 1992 totaling $319,818,000 and this is an increase of just under $2 million for the first three months. Deposits including repos were $318,042,000 at December 31, 1991. The interest in short-term interest-bearing accounts is still evident as customers do not want to extend at this time because the interest rates available on longer term funds are not as attractive to them as in the past, so their tendency is to invest short rather than going out three to five years. The bank continues to monitor through their asset liability committee on a monthly basis the need for funds and the interest rate sensitivity position of the bank. Due to the fact that loans have a fixed maturity date and can be prepaid without penalties and that deposits can also be withdrawn even with penalties on certificates of deposits risk still exists even when it appears the bank is doing a perfect job of being matched. All interest-bearing checking, savings, and money market accounts are included as maturing immediately because of the repricing possibility, however, the bank's historical data would continue to indicate that these have been very stable deposits without much interest rate fluctuation. It is historically true that these accounts would not need to be adjusted upward as quickly in periods of rate increases so the interest rate exposure would be less than our repricing schedules would indicate.

In January of 1992, Hills Bancorporation paid a dividend of $1.95 per share to all shareholders on total outstanding stock of 484,700 shares. The total dividend of $945,165 is deducted from stockholders' equity and is reflected in the resulting stockholders' equity as of March 31, 1991 of $28,978,000. The dividend of $1.95 per share represents an 18.18% increase from the $1.65 paid in January, 1991.

The total stockholders' equity of Hills Bancorporation is $33,329,000 before the reduction for the Employee Stock Ownership Plan (ESOP) debt guarantee and the related cash obligations related to ESOP shares. As a percent of total assets this is 9.35%. Under risk-based capital rules, total capital is 10.13% of risk-adjusted assets, compared to the current 8% requirement.

The consolidated net income for the three months ended March 31, 1992 was $1,116,000 compared to $863,000 for the same period ended March 31, 1991. This is an increase of $253,000 representing an earnings per share for the first three months of 1992 being $2.30 compared to $1.78 for the same three months in 1991. Net interest income is up by $241,000 over the prior three months one year ago and is reflective primarily of volume increases in terms of total number of assets while the interest rate margin which is the difference between what the bank earns on investments and loans and pays on interest-bearing deposits has gone down slightly over this time period. Total average earning assets were up over $23 million for the first quarter of 1992 compared to the same period in 1991. The provision for loan losses is $60,000 less than for the three months ended March 31, 1991 and is reflective of management's overall opinion of the loan portfolio at this time and the level of the reserve as of March 31, 1992.

Other income of the bank was $866,000 compared to $558,000 for the periods ended March 31, 1992 and 1991, respectively. Secondary market loan origination fees included in other fees and charges amounted to $209,000 for the period ended March 31, 1992 and only $45,000 for the period ended March 31, 1991. Other increases were primarily in the area of account charges and fees which were the results of both some increase in fees and in number of accounts being administered.

In regards to other expenses, they have increased from $2,004,000 for the three months ended March 31, 1991 to $2,211,000 for the period ended March 31, 1992. Of this increase of $207,000, $40,000 is from increases in F.D.I.C. insurance and this is primarily a rate increase over the prior year. Salary and employee benefits have increased compared to one year ago by $89,000. This is a combination of salary increases and the number of full-time equivalent employees increasing from March 31, 1991 to March 31, 1992 by seven employees. Other operating expenses are up $85,000 from one year ago primarily due to costs associated with several new programs introduced including a more focused employee training program and a customer loyalty banking program started to reward customers who do their banking with Hills Bank.

Federal and state income taxes are up primarily due to more income before income taxes of $1,578,000 for March 31, 1992 compared to $1,176,000 for March 31, 1991. Earnings per share were $2.30 and $1.78 for the periods ended March 31, 1992 and March 31, 1991, respectively.

The Bank's principal sources of funds continues to be prepayment of loan principal and current amortized loan payments. In addition, funds are provided from current operations. All of the funds are used to fulfill loan commitments, make short-term investments, and fund any deposit withdrawals needed. The Company has no material commitments or plans which will affect its liquidity or capital resources. The acquisition of property and equipment may be in cash purchases, or they may be financed if favorable terms are available.

HILLS BANCORPORATION

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

There are no material pending legal proceedings.

Item 2. Changes in Securities

There were no changes in securities.

Item 3. Defaults upon Senior Securities

Hills Bancorporation has no senior securities.

Item 4. Submission of Matters to a Vote of Security Holders

There have been no matters submitted to a vote of security holders during the quarter ended March 31, 1992.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibit
See exhibit II - Statement Re Computation of Earnings Per Common Share

(b) Reports on Form 8-K
No reports on Form 8-K have been filed during the quarter ended March 31, 1992.

HILLS BANCORPORATION

EXHIBIT II

COMPUTATION OF EARNINGS PER COMMON SHARE

	Three Months Ended March 31	
	1992	*1991*
Shares of common stock, beginning	484,700	484,700
Shares issued during this period	---	---
Shares of common stock, ending	484,700	484,700
Weighted average number of shares outstanding	484,700	484,700
Earnings and Earnings per share:		
Net income (in thou)	$ 1,116	$ 862
Earnings per common share	$ 2.30	$ 1.78

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HILLS BANCORPORATION
(Registrant)

MAY 12 1992

Date

Dwight O. Seegmiller, President

(Duly authorized officer of the registrant)

James G. Pratt, Treasurer
(Principal Financial Officer)